

# The Chicago Rail Economic Opportunities Plan (CREOP) Final Report

**Chicago Metropolitan Agency for Planning  
Freight Committee  
December 1, 2010**



# Agenda

- **Introductions**
- **CREOP Overview**
  - What is CREOP?
  - Why CREOP?
  - The CREOP Process
- **Findings from CREOP Project Tasks**
  - Four Tasks
  - Rail Oriented Site Reviews
- **CREOP Recommendations**
  - Site Specific
  - Ongoing
- **Next Steps**



# CREOP: The Chicago Rail Economic Opportunities Plan

## CREOP Objectives

- Assist the City of Chicago (CDOT and DCD) to identify and understand issues regarding rail-oriented economic development
- Develop strategies to leverage the City's unique rail freight infrastructure and services in attracting new industrial development

## CREOP Process

- Four inter-related steps starting with regional analysis and ending with site specific recommendations
- Interaction and feedback in each step from rail shippers, rail carriers, Industrial Corridors, and LIRI's
- Integration of freight railroad knowledge, economic analysis, commercial real estate, and industrial development with local economic development needs
- Incorporated both a "top-down" and "bottoms-up" approach to rail-oriented industrial development

## CREOP Goal

- To establish economic development process that can be expanded to other Industrial Corridors as well as specific sites throughout Chicago.



# Why CREOP?

Chicago is the only North American city served by every major railroad

- Chicago's legacy as a freight railroad hub provides an extensive network of rail lines, terminals, and industrial properties accessible for carload rail service
- This density of properties with rail access has almost disappeared in most North American cities

Chicago's unique rail access offers opportunities for industrial development not available in competing urban areas

- Increasingly important as many rail served properties are under growing pressure to be converted to non-rail uses (residential, retail, etc.)
- Once transformed, Chicago loses a unique economic development advantage

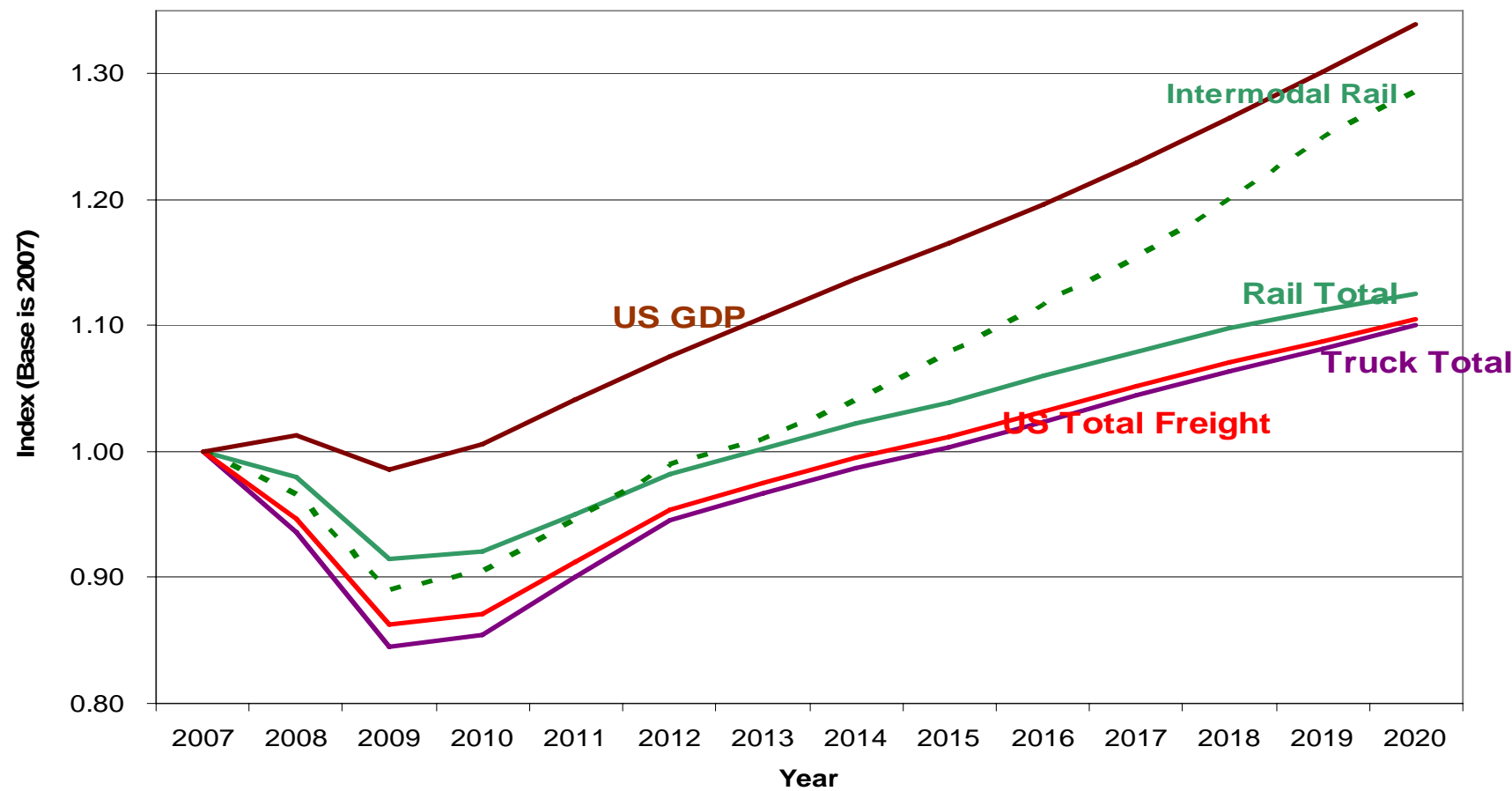
Why is carload rail access important?

- Truck shipments are coming under increasing cost pressures from energy, the environment, and labor. These cost pressures work to the advantage of rail versus truck, making rail access increasingly important
- Though intermodal service more directly competes for truck shipments, some transport demand also aligns well with carload rail as trucking becomes increasingly expensive



# IHS Global Insight's U.S. Freight Forecast: Multi-year Recovery in Tonnage with Rail Gaining Share

(Index of Volume of Net Tons Shipped)



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# The CREOP Process



## Task 1

What rail based industries have long term growth in Chicago?



## Task 2

What Industrial Corridors (IC's) are most suitable for rail-served industries?



## Task 3

What sites within an IC have the most potential for rail oriented development?



## Task 4

What tools and strategies are needed to support rail based development of the sites?



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# CREOP Milestones

- Interviewed over 25 Chicago rail shipper and all Class 1/switching railroads in Chicago
- Identified key “rail-based” industries with greatest growth potential in Chicago
- Highlighted IC’s with greatest potential for rail-based development. Five selected for further study.
- Examined twenty one properties within selected IC’s with rail-based development potential. Five selected for further study
- Analyzed five properties to assess specific barriers and opportunities for rail-based development
- Formulated issues and strategies for five selected properties to stimulate rail based development.
- Recommended ongoing actions to use CREOP as a model for ongoing rail based development in Chicago



# Sample CREOP Shipper Interviews

## From a Chicago rail-based corn manufacturer

***"The rail infrastructure is here and Chicago benefits from being served by multiple Class I railroads. But will railroads be allowed to grow in Chicago?"***

***" Chicago is a great gateway city, but does it have the gumption to handle more rail traffic? The City needs to work on keeping rail supply in line with demand or other rail centers (e.g., Dallas-Fort Worth) which offer double tracking, service from multiple carriers, and large intermodal facilities will become more attractive."***

## From a Chicago rail based steel manufacturer

***"Transportation costs are increasing and rail is the way to go. We are increasing our use of rail in response to rising fuel bills. The cost savings from using rail are worth it even if it means an extra day of travel."***





# Task 1: Analysis of carload rail based industries and long-term growth trends in Chicago

## Conducted in two stages

### 1. Warehousing

- Real sales in warehousing grew 33% in Cook County from 2003 - 2007, more than twice growth in US (16%)
- Cook County comprises one-third of all Illinois warehousing and storage establishments
- IHS Global Insight projects sector will grow in Cook County 3.6% annually in next 20 years, meaning real sales will more than double by 2030.

### 2. Primary Manufacturing

- Includes food manufacturing, chemical manufacturing, fabricated metal products, transportation equipment, and computer/electronic products
- Represent 63% of Cook County manufacturing sales, 50% of employment, and 42% of total establishments.



# Task 1: Sectors with potential for rail based economic development in Cook County

## Warehousing

- Niche and specialty warehouse markets take advantage of Cook County's proximity to urban consumption/manufacturing markets and extensive rail network

## Food Processing

- Focus on specialty/ethnic food processing; animal slaughtering/processing (2<sup>nd</sup> in regional sales, expected to be leading food manufacturing segment by 2015), and vegetable/fruit preserving (4th in sales and projected to grow fastest)

## Fabricated Metal, Primary Metal and Machinery.

- Cook County's largest employer. Local demand higher than County's supply, signaling room for expansion of local production. Specialty metal fabrication has most promise.

## Chemicals

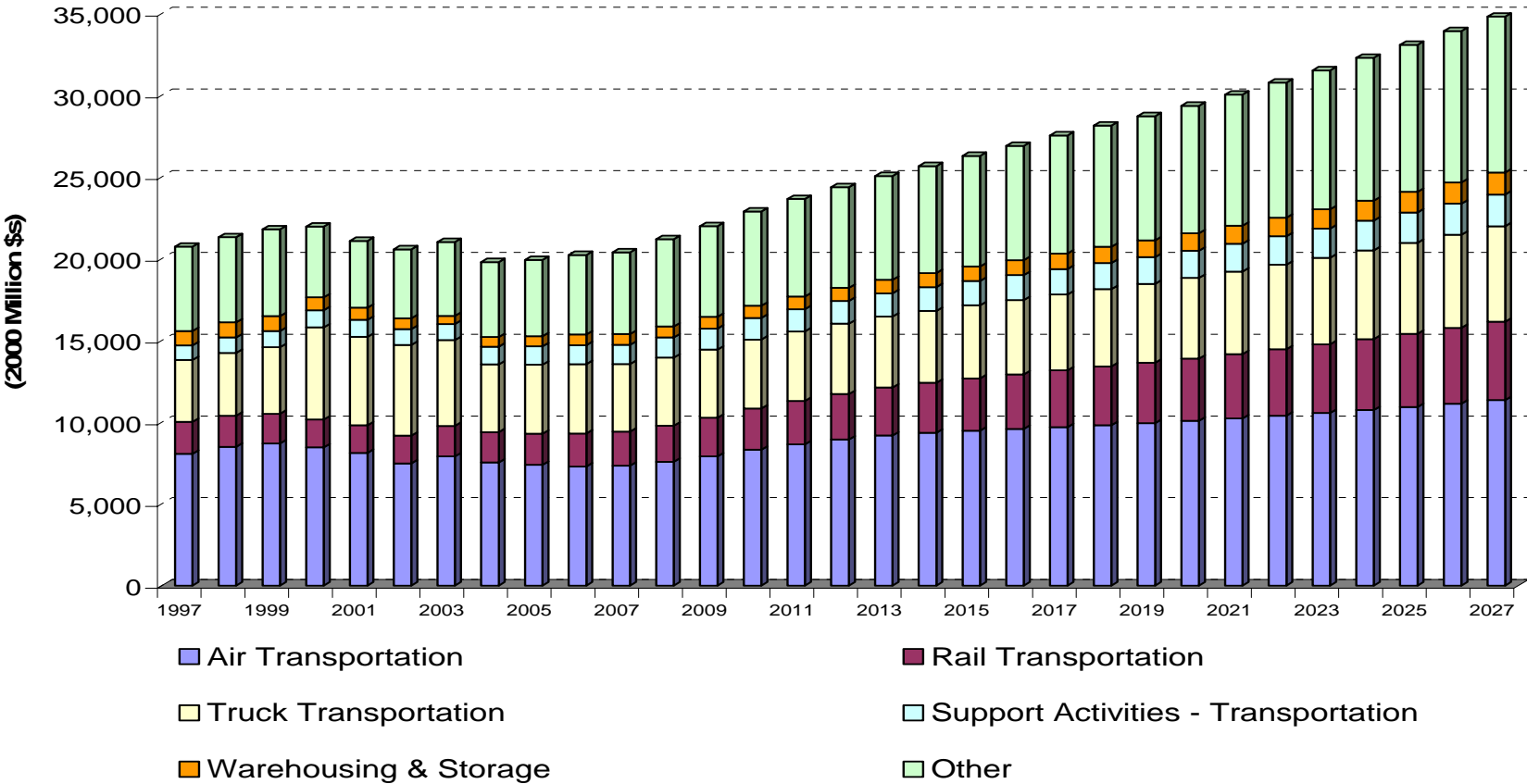
- *Soap, cleaning supplies and toiletries* - accounts for 46% of Cook County's chemical sales
- *Pharmaceutical and medicine manufacturing* - projected to grow above U.S. rate in next twenty years.

## Transportation Equipment

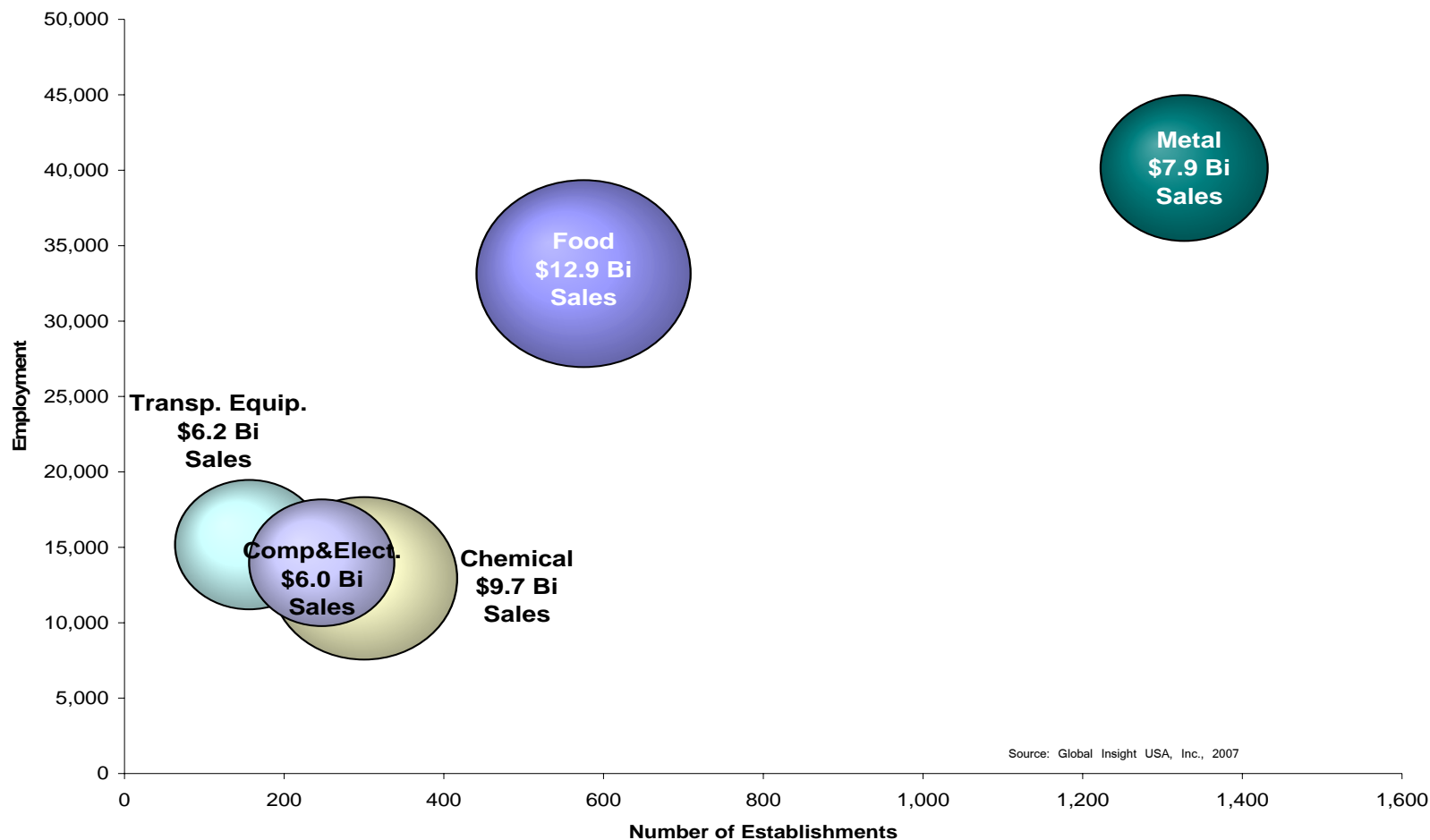
- Expected to grow at rates above the U.S., driven primarily by Ford, Pullman Inc, Caterpillar Inc, and Deere.
- Largest sector in freight value leaving Cook County by rail



# Warehousing: Cook County warehousing real sales by segment



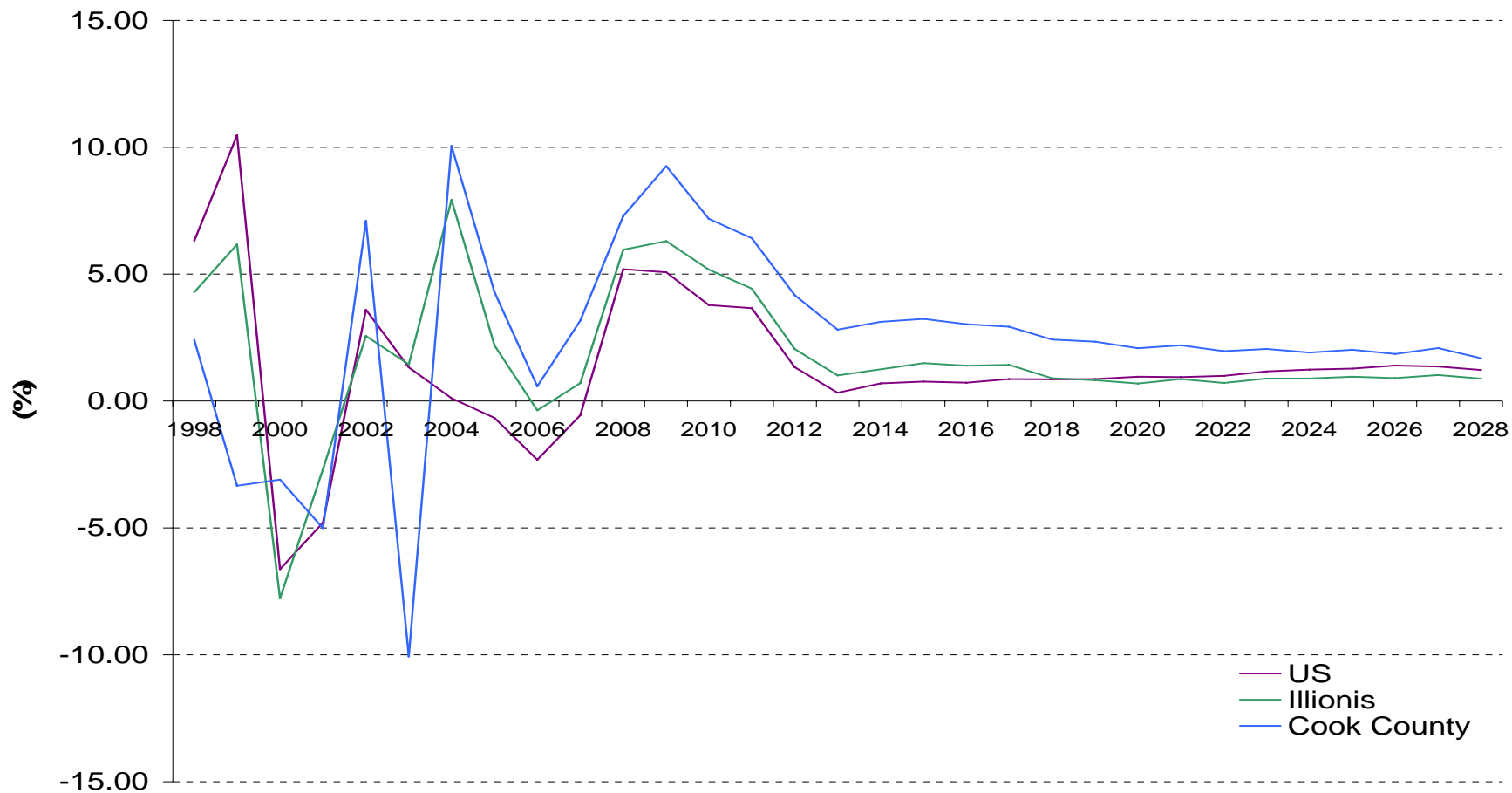
# Manufacturing: Top 5 Cook County Sectors in Sales



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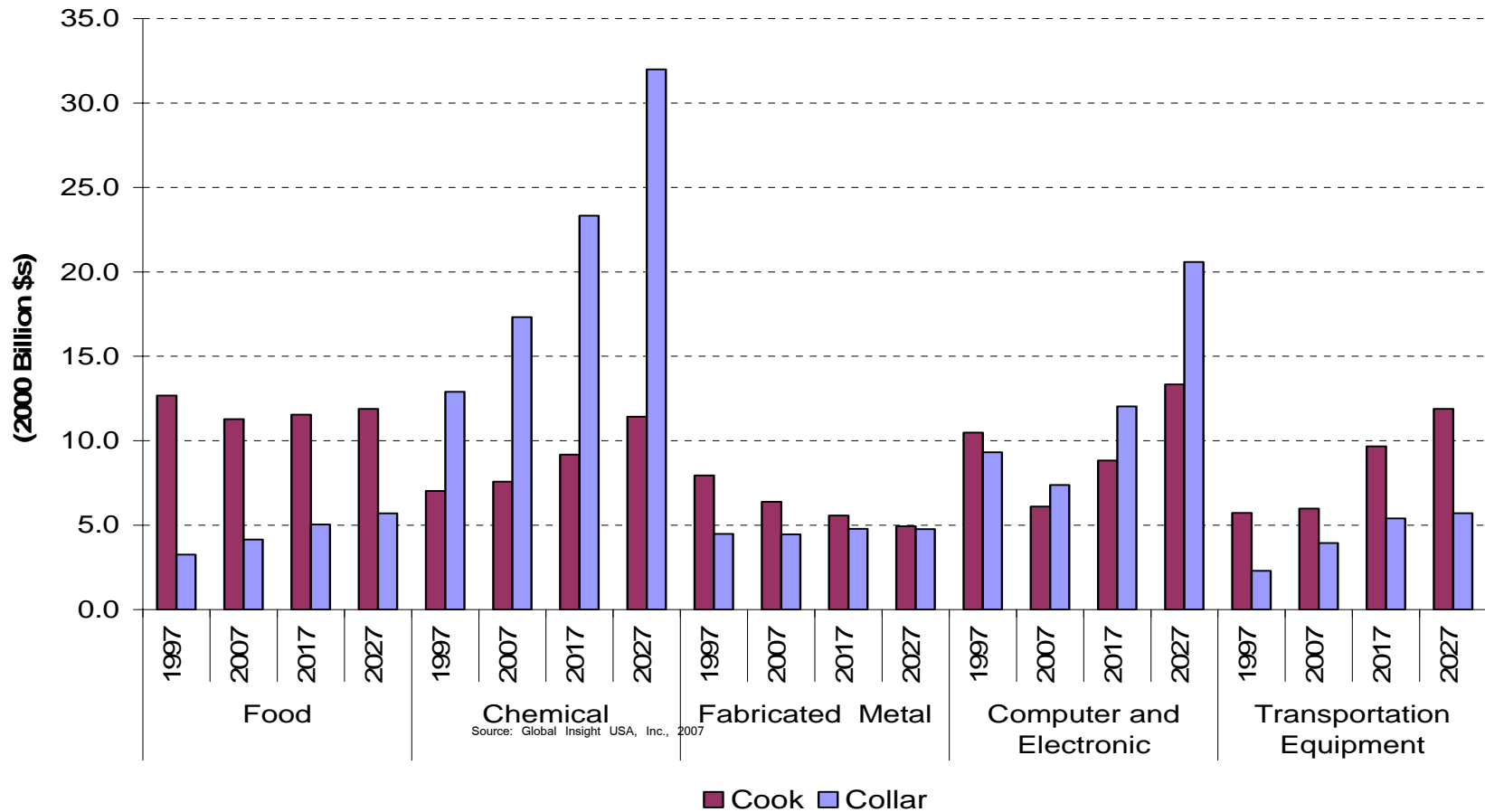
# Transportation Equipment: Projected Cook County annual growth rates



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# Chicago and the “Collar Counties”: Manufacturing real sales in top 5 manufacturing sectors



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## Task 2: Examination of Chicago's industrial corridors for suitability of rail-served industries

- **Chicago's twenty-four Industrial Corridors (IC's) were examined for continued use in an industrial capacity, including:**
  - Suitability of a property for rail carload service
  - Overlap of each Corridor with planned Chicago Region Environmental and Efficiency Program (CREATE) projects
  - Survey of each Corridor's rail infrastructure obtained from public and rail industry sources
- **Fifteen IC's had the most promising characteristics for rail opportunities. Five selected by CDOT/DCD for additional analysis**
  - Calumet
  - Greater Southwest
  - Stevenson
  - Stockyards
  - Western/Ogden



## Task 2: Fifteen IC's had the most promising characteristics for rail opportunities

Armitage  
Brighton Park  
Burnside  
Calumet  
Greater Southwest  
Harlem  
Kennedy  
Little Village  
Northwest  
Pulaski  
Pullman  
Roosevelt/Cicero  
Stevenson  
Stockyards  
Western/Ogden



Blue represents IC's selected by CDOT for further analysis in Task 3.



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## Task 3: Identification of five specific locations most suitable for rail-based industries.

- Twenty-one sites were identified in the five targeted IC's as having potential to attract new rail-based industry
  - Either served by rail or have potential for rail service
  - Property abuts or is near an active rail line to which a connection can be built at a reasonable cost
  - Serving railroad is willing and able to provide local switching service to property
- Information used
  - Local Industrial Retention Initiative (LIRI)
  - ComEd Industrial Trends Report
  - Illinois Department of Employment Security (IDES)
- CDOT and DCD selected five sites for further examination in Task 4
  - Ryerson (Western/Ogden IC)
  - 4400 West 48<sup>th</sup> St. (Stevenson)
  - 4055 South Packer (Stockyards)
  - Gateway Park Phase II (Greater Southwest)
  - Iroquois Landing (Calumet)



# **Task 4: Determination of industry needs, potential incentives, and economic efficiency for five recommended locations**

Final CREOP task had two objectives:

1. Identify particular rail based industrial sectors that exhibit long-term growth in Cook County

<b>Food Product Mfg</b>	<b>Beverage Mfg</b>	<b>Wood Products Mfg</b>
<b>Chemical Products Mfg</b>	<b>Plastics &amp; Rubber Product Mfg</b>	<b>Non-metallic Minerals Mfg</b>
<b>Paper Products Mfg</b>	<b>Petroleum &amp; Coal Products Mfg</b>	<b>Primary Metal Mfg</b>
<b>Fabricated Metals Mfg</b>	<b>Utilities – Power Generation</b>	<b>Distribution</b>
<b>Furniture Mfg</b>		

2. Develop set of proposed actions for each recommended parcel from Task 3



# Ryerson Site Analysis



**Acreage:** 48.5

**Serving Railroad:** CSXT

**Likely Rail- Based Industries:**

Food Product Mfg      Beverage Mfg  
Wood Products Mfg      Primary Metal Mfg  
Fabricated Metals Mfg      Furniture Mfg  
Distribution

**Tax Potential:** Very High

**Shovel Ready?:** Partly, depending on use

**Key Rail Issues:** [Lack of detailed site plan](#) with cost estimate for rail access.

**City Strategies to Achieve Reuse:**

- Joint funding of site plan between developer and City
- Development of incentive programs including TIF, Industrial Revenue Bonds, tax abatement

**Attractiveness as Rail-Based Site:** Good

**Summary:** Potential for rail based use is excellent if not broken up. Rail access not difficult. Site initially considered for sale to a Canadian movie studio but now appears unlikely.



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# 4055 S Packer Avenue Site Analysis



**Acreage:** 14

**Serving Railroad:** NS (Norfolk Southern)

**Likely Rail- Based Industries:**

None as currently configured

**Tax Potential:** Low

**Shovel Ready?:** Potentially yes but not on market

**Key Rail Issues:** Property is **not properly configured for optimal rail use** due to existing track geometry and current building location.

**City Strategies to Achieve Reuse:**

- Reconfiguration of site, including land consolidation, knock-down of some existing structures, and reassembly of property

**Attractiveness as Rail-Based Site:** Poor

**Summary:** Due to size, location, and irregular geometry, site presents formidable challenges for rail-based redevelopment. It will most likely be re-used as a bus terminal and fleet maintenance facility.



# Gateway Park Phase II Site Analysis



**Acreage:** 31.1

**Serving Railroad:** BRC (Belt Railroad)

**Likely Rail- Based Industries:**

Wood Products Mfg      Paper Products Mfg

Chemical Products Mfg      Distribution

Plastics/Rubber Mfg      Primary Metal Mfg

Fabricated Metals Mfg      Furniture Mfg

Petroleum/Coal Products Mfg

Non-metallic Minerals Mfg

**Tax Potential:** Moderate

**Shovel Ready?:** No

**Key Rail Issues:** [Contaminated condition of property](#) requires \$12.2 M for clean up. Pending litigation.

**City Strategies to Achieve Reuse:**

- Secure Federal funding to clean and recycle site

- Include rail spurs after cleanup (cost: \$370,000)

**Attractiveness as Rail-Based Site:** Moderate

**Summary:** Site has a rail site plan but is not shovel-ready due to need for environmental clean-up. Location is far from interstate highways but very close to a rail intermodal terminal.

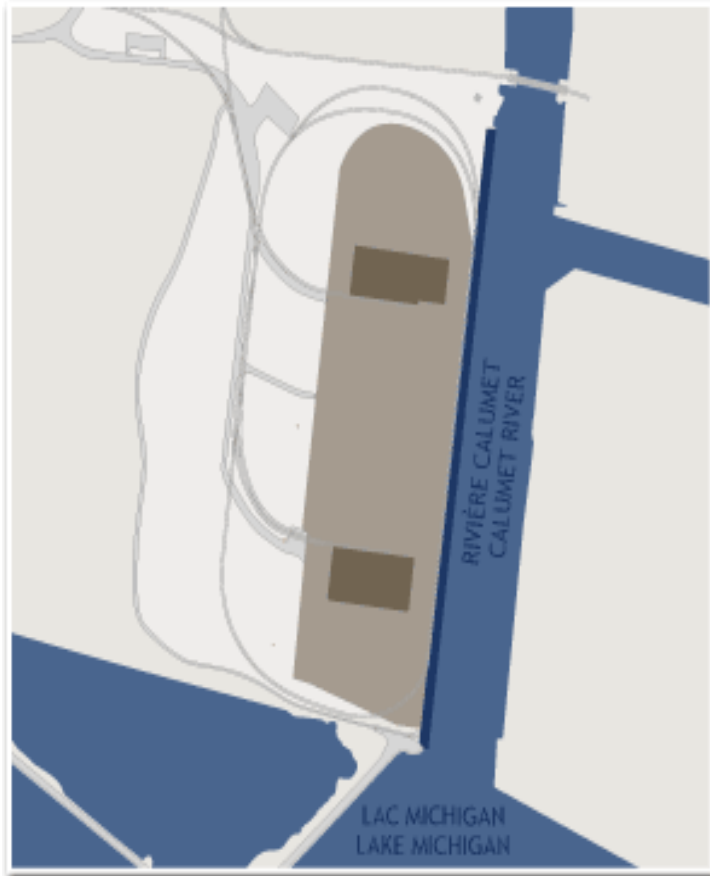


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# Iroquois Landing Site Analysis



**Acreage:** 90

**Serving Railroad:** CN (Canadian National)

**Likely Rail- Based Industries:**

Chemical Products Mfg   Fabricated Metals Mfg  
Distribution

**Tax Potential:** Low

**Shovel Ready?:** No

**Key Rail Issues:** Lack of railroad attention in marketing the site. Sewer line relocation needed to support rail access. Closer coordination between Port and other city agencies.

**City Strategies to Achieve Reuse:**

- Insure site is on CN's list of preferred properties
- Facilitate communication with local decision-makers
- Obtain cost estimate of sewer relocation
- Organize rail freight seminar that discusses potential rail uses of Port properties

**Attractiveness as Rail-Based Site:** Good

**Summary:** Site has excellent potential for rail based industrial facility. Current tenant, NA Stevedoring, has option from Port to develop a parcel southeast of current operation at Calumet River.



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# 4400 W 45th Street Site Analysis



**Acreage:** 8

**Serving Railroad:** NS (Norfolk Southern)

**Likely Rail- Based Industries:**

Wood Products Mfg    Furniture Mfg

Distribution

**Tax Potential:** Low

**Shovel Ready?:** Yes

**Key Rail Issues:** Lack of railroad attention in marketing the site. Small parcel size limits rail industrial development

**City Strategies to Achieve Reuse:**

- Insure site is on NS's list of preferred properties
- Strengthen business retention and expansion activities that are most suitable for site

**Attractiveness as Rail-Based Site:** Good

**Summary:** Site is a multi-tenant building with existing rail spur that can easily be restored for rail based tenant. While site is small for rail based development, it would be very attractive for an existing business expanding into a rail based property. Development incentives are currently in place for this site.



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# Summary of rail-oriented development challenges

- Challenges identified at CREOP sites are illustrative of challenges and opportunities that exist with industrial development throughout the city, not just rail-oriented
  - ✓ **Lack of rail carrier attention** in marketing City properties (Iroquois Landing, 4400 W 45<sup>th</sup>)
  - ✓ **Need for rail site plan** to estimate cost for adding or restoring rail access (Ryerson)
  - ✓ **Physical improvements** to site for rail access
    - **Moderate:** Sewer line relocation (Iroquois Landing)
    - **Substantial:** Environment remediation (Gateway)
  - ✓ **Current site configuration** (4055 Packer, 4400 W. 45<sup>th</sup>)
  - ✓ **Coordination between site owners and public agencies** (Iroquois Landing)





# CREOP Recommendations

To best support implementation, CREOP recommendations were organized into three categories:

## 1. What Makes a Location Suitable for Carload Service?

- Specifications were used to evaluate each CREOP site
- Can be used to assess rail compatibility of other sites

## 2. Summary of Site Specific Recommendations for the Five CREOP Sites

## 3. General Recommendations for Encouraging Rail Based Economic Development in Chicago

- Continues the work of CREOP into the City's ongoing industrial development and transportation planning activities.



# **CREOP Recommendations:** What makes an industrial site suitable for carload service?

## **Is a “siding” present?**

- A “siding” is a track adjacent to a building where railcars are loaded/unloaded. If a siding is not present, construction is necessary. If a siding is present, it may require upgrading

## **What are traffic volumes along the “serving rail line”?**

- The “serving rail line” is the rail line that serves a siding. The level of rail traffic on the serving line impacts the level of railroad investment needed to serve the site.

## **What are the expected volumes for the new industry?**

- Higher traffic volumes require more extensive trackage for which sufficient space must be available.

## **Is there adequate yard capacity to support service to a new customer?**

- Local trains that serve a site are assembled at yards, which must have sufficient capacity to support new customers.

## **What is the proximity and ease of access to interstate highways?**

- Good highway access is a requirement for almost any kind of industrial development

## **What railroad will “serve” the site?**

- Small railroads are increasingly taking over local services from Class I owners in Chicago and have more flexibility in meeting shipper requirements



# CREOP Recommendations: Summary of CREOP site analysis

## **Focus on Business Retention and Expansion**

- Identify companies already in Chicago in the high rail use industries of food processing, transportation equipment, primary metals, and chemicals
- Gather systematic information about obstacles faced by these employers to expand within the City, working in partnership with LIRIs and other public/private stakeholders.

## **Promote Greater Communication with Railroad Industrial Development Departments**

- Have specific Chicago rail based industrial properties listed with Class 1 rail carriers

## **Increased Knowledge of Rail-Oriented Industries**

- CREOP identified rail-based industries with growth potential in Chicago. More knowledge of these industries, including logistics, site requirements, and potential relocation candidates, stimulates rail based development

## **Closer Cooperation and Interaction with Major Commercial Brokers**

- Exchange of rail-related industrial development information (i.e., rail carrier contacts, rail siding construction, potential rail based tenants, etc.) between City agencies and commercial brokers increases the likelihood of rail based development at a site



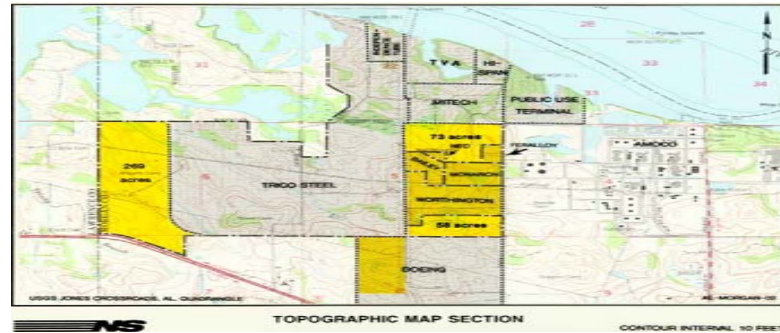
# Using Railroads for Industrial Development: The Norfolk Southern Industrial Development Website



## Industrial Site Assistance Services

We maintain an inventory of over 2,000 available industrial sites throughout our system and have detailed site brochures on each site that can be provided to prospective rail customers in short order. These site brochures include the following information:

A USGS Topographic Map section with the specific site indicated



A State Highway Map section with the site location noted



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# Using Railroads for Industrial Development: The Norfolk Southern Industrial Development Website

A site data sheet is included that notes key information about the site

<b>MALLARD-FOX CREEK INDUSTRIAL PARK</b> AL-MORGAN-02	
<b>PHYSICAL CHARACTERISTICS</b>	
<b>SIZE:</b>	600 acres in three tracts of 269 acres, 73 acres and 58 acres. Subdivision would be a matter of negotiation.
<b>LOCATION:</b>	North Central Alabama. 4 miles west of Decatur, in Morgan County.
<b>TOPOGRAPHY:</b>	Gently rolling. Elevations from 500 feet to 630 feet MSL.
<b>ZONING:</b>	Industrial.
<b>OWNERS:</b>	Norfolk Southern Corporation.
<b>UTILITIES</b>	
<b>WATER:</b>	Decatur Utilities. 20-inch main on site. System capacity: 48.0 MGD. Average consumption: 23.0 MGD.
<b>SEWERAGE:</b>	Decatur Utilities. 24-inch main on site. Treatment capacity: 24.0 MGD. Average flow: 19.2 MGD.
<b>NATURAL GAS:</b>	Decatur Utilities. 10-inch line on site.
<b>ELECTRICITY:</b>	Joe Wheeler Electric Co-Op, supplied by TVA.
<b>TRANSPORTATION</b>	
<b>RAIL:</b>	NORFOLK SOUTHERN RAILWAY COMPANY. Lead tracks throughout site.
<b>HIGHWAY:</b>	Nearest Interstate Highway: I-85. Distance to interchange: 14 miles. US-72 (4 lanes) immediately south. Field Rd Road (4 lanes) east of site.
<b>AIR:</b>	Nearest commercial service: Decatur-Huntsville JetPort is located 20 miles east. General Aviation: Pryor Field with a 5,100-foot runway is located 10 miles northeast.
<b>SPECIAL FEATURES</b>	
<b>RIVER:</b>	Tennessee River, flow regulated by locks and dams, 6-foot navigable channel. Public port located in park.
For additional information, please contact Norfolk Southern.	
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**NS**  
NORFOLK  
SOUTHERN

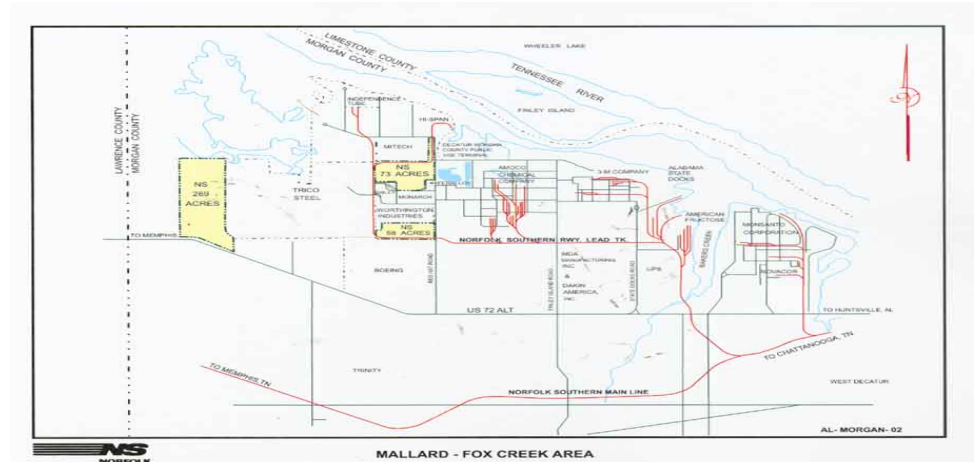
SITE DATA

An aerial photographic providing a "bird's eye" view of the site

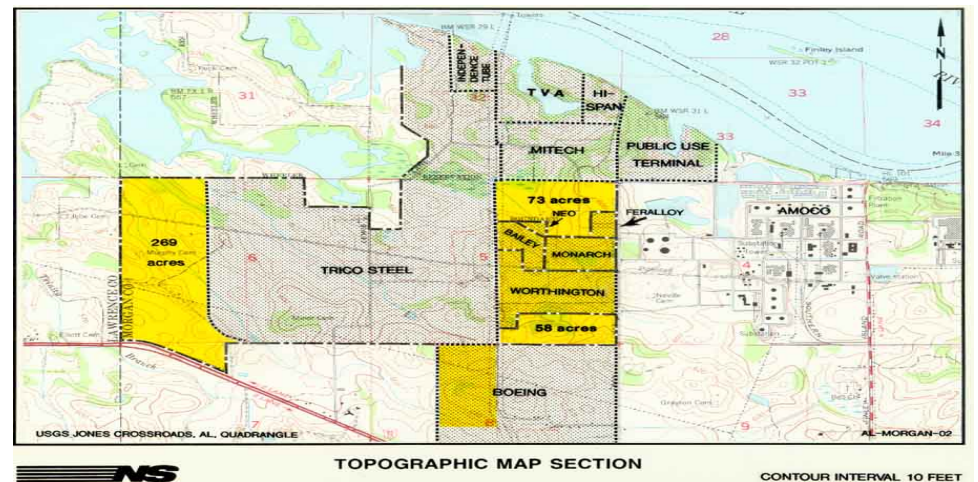


# Using Railroads for Industrial Development: The Norfolk Southern Industrial Development Website

A simple drawing of the site and surrounding area



A design to maximize the rail access to the site





# CREOP Recommendations: Long-Term Objectives

CREOP's long-term recommendations were formulated using three objectives for rail-oriented industrial development in Chicago:

1. Institutionalize the importance of freight, especially rail freight, in the City's industrial economic development efforts.
2. Develop ongoing relationships among key stakeholders in rail based development, particularly among Class I and local switching carriers, which form the basis of future partnerships.
3. Demonstrate and communicate the value of rail access as a unique generator of wealth and employment in the city that distinguishes Chicago from other urban areas



# CREOP Recommendations: Long-Term

## Develop A Unified Rail-Oriented Industrial Development Strategy

- A well articulated rail based development strategy clearly articulates the value of rail based development and its benefits to the region.

## Expand the CREOP Industrial Site Analysis

- Expansion of the CREOP process to all 24 Industrial Corridors minimizes the continued loss of rail infrastructure at specific sites.

## Sponsor A “Rail Freight Economic Development Summit”

- Such a "summit" is an effective way to initiate relationships with key stakeholders and raise the profile of rail-oriented industrial development.
- Several LIRI's interviewed suggested such a summit.

## Establish a "Freight Rail Development" Working Group

- Would “institutionalize” cross agency communication and public/private coordination fundamental to success of rail based economic development.

## CREOP Site Prioritization

- Select one of the CREOP sites with intention of creating a successful example (e.g. Ford supplier park)





# Next Steps

## CREOP Expansion

- Apply the CREOP process to all 24 Industrial Corridors. Identify industrial sites that are future rail-oriented economic development candidates, and develop corridor-level strategies to attract desired uses.

## Chicago Rail Track Inventory

- Perform an inventory of Cook County's physical freight rail network using current satellite mapping combined with rail freight information from prior reports and carrier documents.

## Weekly Chicago Rail Traffic

- Estimate weekly rail freight traffic in Cook County and region using rail flow information from STB waybill, AAR data, and TRANSEARCH databases.

## Rail Freight Traffic Profile Of Chicago Region

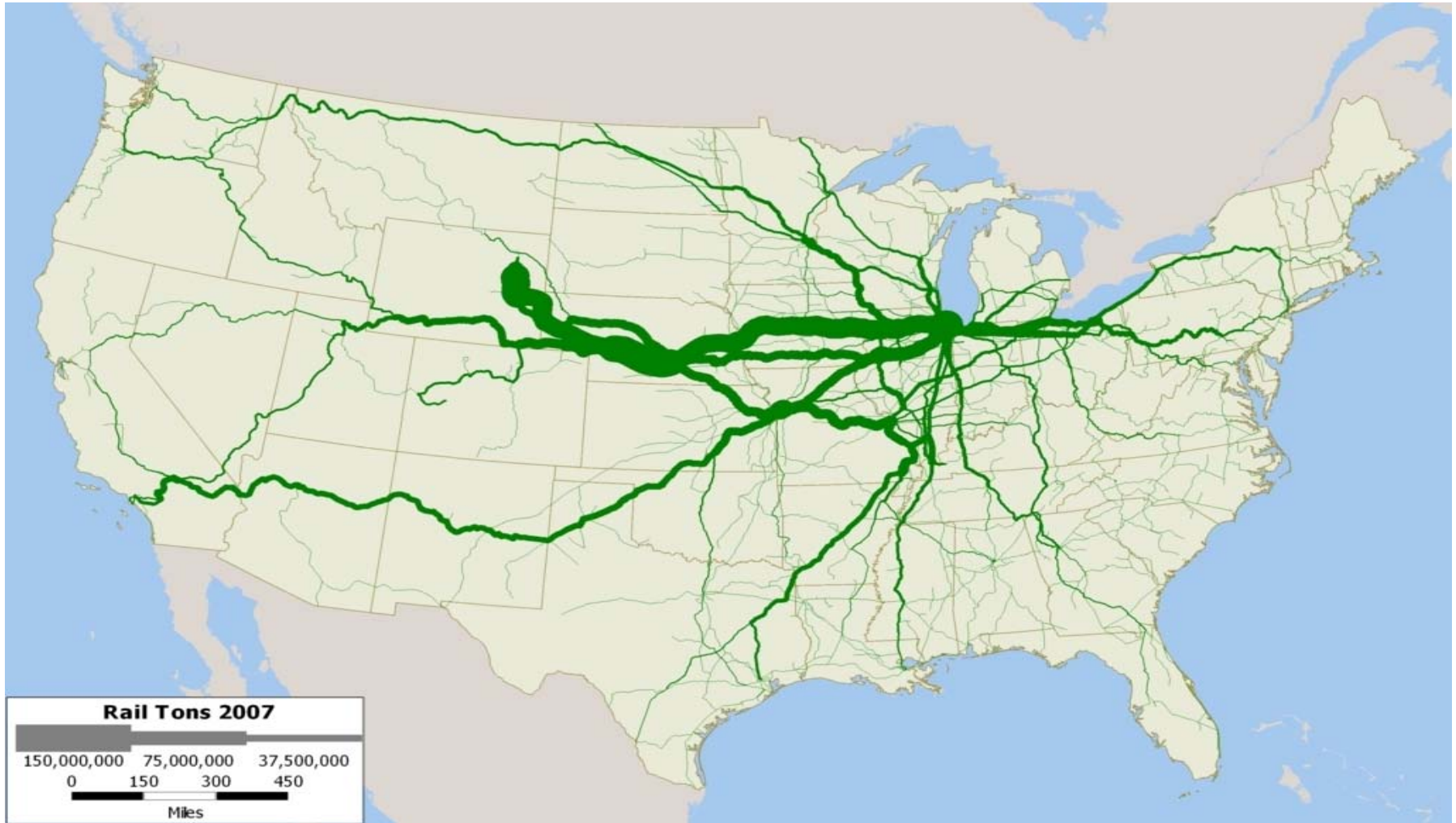
- Develop a rail freight traffic profile of the Chicago metropolitan area (using STB waybill database) showing rail freight flows in the region by commodity, direction, tons, value, and rail carrier

## Truck Freight Traffic Profile Of Chicago Region

- Develop a truck freight traffic of the Chicago metropolitan area (using IHS Global Insight's TRANSEARCH database) showing truck inter- and intra- regional truck flows by commodity, direction, tons, value, and truck type



# Sample Illinois Rail Traffic Profile



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# What Have We Learned?

- Rail infrastructure and services available in Chicago are distinctive
- Issues affecting redevelopment of urban industrial properties are not unique
  - Smaller property size
  - Fractured ownership
  - Site conditions
  - Institutional coordination is complex
- Familiarity with rail services and operations, once common, has become a highly specialized niche
- CREOP brought together multiple skill sets needed to address needs



# Thank You

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